

Department of the Army  
Headquarters, US Army  
Joint Munitions Command  
1 Rock Island Arsenal  
Rock Island, IL 61299-6000

JMC Memorandum 12-2

SEP 15 2006

Security Assistance and International Logistics

TRANSFERS/SALES OF EXCESS DEFENSE ARTICLES (EDA)

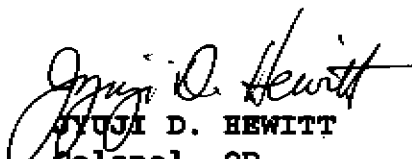
Applicability. This memorandum applies to Headquarters (HQ) Joint Munitions Command (JMC) organizations with responsibilities in the EDA process.

Proponent. The proponent is the Security Assistance Directorate. Users may submit comments/recommendations to HQ JMC (AMSJM-SA), 1 Rock Island Arsenal, Rock Island, IL 61299-6000, e-mail AMSJM-SA@afsc.army.mil.

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Supersessions. N/A.

FOR THE COMMANDER:

  
GREGORY D. HEWITT  
Colonel, OD  
Chief of Staff

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1. Purpose. This memorandum prescribes procedures, identifies process roles, and assigns responsibilities for processing all transfers or sales of EDA under the Foreign Assistance Act, Section 516.

## **2. References.**

a. DoD 5105.38-M, Security Assistance Management Manual, Section C11.5.

b. AR 12-1, Security Assistance, International Logistics, Training, and Technical Assistance Support Policy and Responsibilities, Chapter 14, 24 January 2000.

c. DoD 7000.14-R, Volume 15, Chapter 7, Financial Management Regulation (FMR), Security Assistance Policy and Procedures.

**3. Responsibilities.** Timeframes and additional details are defined in paragraph 4, Procedures.

a. The Logistics Integration Directorate (AMSJM-LI) and Commodity Management Directorate (AMSJM-CD) are responsible for:

- (1) Identifying potential excess ammunition items.
- (2) Providing Price and Availability (P&A), age, location and condition of excess ammunition items.
- (3) Reserving excess assets for which a customer request has been received.
- (4) Notifying the Security Assistance office (SA) immediately of any removal of excess assets reserved for Foreign Military Sales (FMS).

b. The Security Assistance office (AMSJM-SA) is responsible for:

- (1) Gathering information on potential excess ammunition items and providing documentation (e.g., Defense Security Cooperation Agency (DSCA) (Q) 1118 report, reserved list) to U.S. Army Security Assistance Command (USASAC).
- (2) Keeping a file of P&A data and Congressional Notifications by country program.
- (3) Providing pricing data to the case manager when AMSJM-SAA receives a Letter of Offer and Acceptance (LOA) tasker.
- (4) Notifying AMSJM-CD of changes to or cancellation of EDA allocation actions.

c. The SA, Country Program Management Division (AMSJM-SAA) is responsible for:

(1) Overall case management and oversight of funding, requisition and shipment status.

(2) Estimating Packing, Crating & Handling (PC&H) and transportation costs and preparing the LOA.

d. The Logistics Integration Directorate, Transportation Division (AMSJM-LIT) is responsible for:

(1) Providing estimated/actual transportation costs when requested.

(2) Providing shippers with Transportation Account Code (TAC) for Continental U.S. (CONUS) inland billing.

e. Resource Management Directorate, Finance Operations Division (AMSAS-RMP) is responsible for:

(1) Releasing "YY" rejects on materiel requisitions.

(2) Creating Installation Program Directive/Change Request (OSC Form 37-2).

(3) Pulling obligational authority (OA) in the Program Budget and Accounting System (PBAS) and entering the transaction in SOMARDS.

(4) Posting commitments and obligations for transportation and PC&H in the SOMARDS.

(5) Requesting Defense Finance and Accounting Service (DFAS) to bill PC&H charges.

(6) Retrieving actual CONUS inland transportation costs from SOMARDS.

(7) Notifying AMSJM-SAA of need for case modification.

f. The Business Operations Directorate, Logistics Funds Requirements Division (AMSJM-BDW) is responsible for computing PC&H charges, after shipment, based on cost per ton at each shipping installation's fixed rate.

g. USASAC is responsible for:

(1) Reviewing data submitted by AMSJM-SA and releasing the formal survey message to advise all eligible foreign countries of excess ammunition items.

(2) Matching customer requests to excess ammunition items available.

(3) With the DSCA, determining priority for allocation of assets to customers and preparing Congressional Notification Document. EDA grants or sales that contain Significant Military Equipment (SME) or whose original acquisition value is \$7M or more must have Congressional approval before making a formal offer to customer.

4. Procedures.

a. Potential Excess List.

(1) No later than 1 May, the Logistics Integration Directorate, AMSJM-LI, will provide to AMSJM-SA a list of all items in condition codes A and B remaining on the Annual Stratification Report after cross-leveling. This potential excess list will include quantity, condition code, year of manufacture, location and the best estimate of acquisition price. AMSJM-CD is not required to hold potential excess stock for FMS until a customer request is received.

(2) Within 10 days of receipt from AMSJM-LI, AMSJM-SA will forward the potential excess list to USASAC for coordination and release of formal survey message to eligible foreign customers.

b. Providing Price and Availability.

(1) Upon receipt of a customer requirements list, AMSJM-SA will verify the availability of the excess quantities requested. For each Department of Defense Ammunition Code (DODAC), AMSJM-SA will submit a request for EDA P&A to AMSJM-CD. The P&A request will reflect a suspense of 11 calendar days.

(2) AMSJM-CD will complete and return the P&A coded "MR" to AMSJM-SA within the 11 calendar day suspense. The P&A will provide the National Stock Number (NSN), age, location, condition, original acquisition cost, and current value.

Current value is the original acquisition cost adjusted for age and condition IAW the FMR.

c. Reserving Assets.

(1) Concurrent with providing this P&A, AMSJM-CD will transfer available quantities cited to purpose code N. Stock in purpose code N should not be scheduled for demilitarization or diverted for another use without prior coordination with AMSJM-SA. AMSJM-CD will notify AMSJM-SA immediately if stock is to be removed from purpose code N for any reason.

(2) AMSJM-SA will notify AMSJM-CD immediately of any changes to allocations or cancellations of excess requirements and send an updated list of EDA reserved assets to AMSJM-CD at least quarterly.

d. Approval of Transfer/Sale of EDA.

(1) The AMSJM-SA will submit validated P&A to USASAC by memorandum. Upon receipt of price and availability data from the JMC, USASAC will provide recommended allocations of assets, distribution plan and Congressional Notification document through Deputy Assistant Secretary of the Army (Defense Exports and Cooperation) (DASA (DE&C)) to DSCA. Proposed EDA grants or sales that contain SME or whose original acquisition value is \$7M or more require a 30 calendar day Congressional Notification. DSCA will process the Congressional Notification and assign a Record Control Number (RCN) when approval is granted to make the official offer.

(2) After completion of the 30-day Congressional notification period, the USASAC Country Program Manager (CPM) will task AMSJM-SAA to prepare the LOA. The AMSJM-SAA will prepare the LOA and submit it to USASAC by the tasker suspense date. EDA cases have a 30-day LOA preparation suspense.

e. Requisitioning, Funding and Billing. Requisitions for excess materiel are automatically submitted through Commodity Command Standard System (CCSS). Funding and billing for excess items sold at a reduced rate is the same as for non-excess items. Excess items transferred under section 516 are free issue and no funding or billing is applicable to the materiel being transferred.

The following procedures apply to PC&H and transportation lines in support of the sale or transfer of excess items transferred under section 516:

**(1) Requisitioning.**

(a) Upon LOA implementation, requisitions are issued by USASAC New Cumberland for PC&H and transportation reflected on the case as above-the-line charges. These requisitions, along with the applicable exception data, are emailed to AMSJM-SAA on an A05 Exception Report.

(b) The AMSJM-SAA designee forwards the A05 Exception Reports to the appropriate command country manager and AMSAS-RMF.

**(2) Funding.**

(a) AMSAS-RMF creates the Forms 37-2 for PC&H and transportation in the 37-2 system and establishes the distribution list.

(b) AMSAS-RMF pulls the obligation authority in Program Budget and Accounting System (PBAS) for PC&H and transportation, enters the line(s) in SOMARDS (posting order commitment and obligation), and releases the Forms 37-2 for distribution in the 37-2 system.

**(3) Transportation Line of Accounting.**

(a) When the Forms 37-2 are completed, AMSAS-RMF will send a memorandum to AMSJM-LIT providing the transportation Line of Accounting including country/case/line and Job Order Number (JONO). See Appendix A for sample memorandum.

(b) Based on the AMSAS-RMF memorandum (Appendix A) AMSJM-LIT will contact USASAC-New Cumberland transportation office for assignment of a TAC associated with the LOA. AMSJM-LIT will provide the TAC to the shippers. The TAC will be included on the Commercial Bill of Lading or E-bill. The actual cost per shipper invoice will be charged to the JONO and will appear in SOMARDS. The shipper invoice only covers CONUS inland charges.

**(4) Reimbursement/Disbursement of Funds.** When the case is logistically complete, the case manager will take action to initiate reimbursement/disbursement of funds.

(a) For CONUS lines the case manager will send a memorandum to AMSAS-RMF and AMSJM-BDW. The memorandum will specify the materiel and quantity shipped, tonnage and shipping installation for computation of the actual PC&H cost. The tonnage may be obtained from the Notice of Availability, Export Traffic Release Request (ETRR) or transportation estimate. See Appendix B for sample memorandum.

(1) AMSJM-BDW will initiate action to reimburse Operation and Maintenance, Army (OMA) from LOA funds by computing PC&H charges based on cost per ton at each shipping installation's fixed rate and providing that result to AMSAS-RMF as the actual PC&H.

(2) AMSJM-BDW will notify AMSAS-RMF if funds disbursed are not equal to the amount committed and obligated.

(3) AMSAS-RMF will adjust commitments and obligations, if necessary.

(4) AMSAS-RMF will notify AMSJM-SAA if funds are not sufficient to repay OMA for the cost of actual PC&H.

(b) For Outside Continental U.S. (OCONUS) lines the case manager will send a memorandum to AMSAS-RMF only. AMSAS-RMF will initiate a voucher and submit to DFAS for disbursement of PC&H funds in the amount reflected on the LOA upon receipt of the AMSJM-SAA memorandum. See Appendix E for sample memorandum.

(c) Transportation Cost Adjustment. Transportation charges applicable to excess materiel normally include CONUS inland and port loading and handling. These charges may have been estimated actuals provided by the Transportation Office or they may have been computed based on standard percentages.

(1) Upon receipt of the AMSJM-SAA memorandum, AMSAS-RMF will query SOMARDS for the amount of obligations and disbursements against the case transportation line. SOMARDS query: LI C926,C937,C946,C501 WH C1 CONT ENIAN002: [EN is country code; IAN is case designator; 002 is line number]

(2) The AMSAS-RMF will provide the actual CONUS inland charges to the case manager if adjustment of the transportation line value is required.

(3) There is no process for capturing the actual cost of port loading and handling, therefore that portion of the transportation charge will not need adjustment unless there is a significant change in the actual quantity shipped.

## GLOSSARY

CCSS	Commodity Command Standard System
CONUS	Continental U.S.
CPM	Country Program Manager
DASA (DE&C)	Deputy Assistant Secretary of the Army (Defense Exports and Cooperation)
DODAC	Department of Defense Ammunition Code
DSCA	Defense Security Cooperation Agency
EDA	Excess Defense Articles
ETRR	Export Traffic Release Request
FMR	Financial Management Regulation
FMS	Foreign Military Sales
JMC	Joint Munitions Command
JONO	Job Order Number
LOA	Letter of Offer and Acceptance
NSN	National Stock Number
OA	Obligational Authority
OCONUS	Outside Continental U.S.
P&A	Price and Availability
PBAS	Program Budget and Accounting System
PC&H	Packing, Crating and Handling
RCN	Record Control Number
SA	Security Assistance
SME	Significant Military Equipment
SOMARDS	Standard Operations and Maintenance Army Research and Development System
TAC	Transportation Account Code
USASAC	US Army Security Assistance Command



APPENDIX A

SAMPLE MEMORANDUM  
FOR TRANSPORTATION

AMSAS-RMF (12-8b)

MEMORANDUM FOR AMSJM-LIT  
AMSJM-SAA

Subject: Excess Materiel for Foreign Military Sales (FMS)

1. Funding documents (Forms 37-2) are complete for transportation of excess materiel on FMS Letter of Offer and Acceptance (LOA) < >. Materiel is expected to be ready for shipment within 90 days.

Transportation Line <insert line number>

MREN

Fund Cite (Transportation)

<Installation PRON> 97 X8242<>0106508251< >0< >0022NL< >011173

(For Fund Cite - Insert two-letter country code in first <>; insert case designator in second <>; insert line number {e.g., 001} in third <>, insert JONO in fourth <>.)

2. Request AMSJM-LIT obtain a Transportation Account Code (TAC) from USASAC, New Cumberland. TAC code will cross-reference to the above transportation fund cite. Also request TAC be provided to the applicable shipping activities.

3. Our POC is < >, AMSAS-RMF, E-mail < >, extension 2-< >.

APPENDIX B

SAMPLE MEMORANDUM  
FOR BILLING CONUS MATERIEL

AMSJM-SAA (12-8b)

MEMORANDUM FOR AMSAS-RMF  
AMSJM-BDW

Subject: Billing for Foreign Military Sales (FMS) Excess Materiel Shipped

1. Request action be taken so that PC&H and transportation for excess materiel shipped can be properly billed. The following materiel was shipped on FMS Letter of Offer and Acceptance < >:

<u>DODIC</u>	<u>QTY</u>	<u>DEPOT/PLANT</u>	<u>WEIGHT IN LBS</u>	<u>DATE AVAILABLE FOR SHIPMENT</u>
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< >

Materiel was shipped <Vessel departure date, if available>.  
Document number <PC&H document>, case line <e.g., 1a>.  
Installation PRON <from PC&H Form 37-2>. JONO <from PC&H Form 37-2>.  
Weights are taken from <e.g., Notice of Availability, ETRR, transportation estimates>.

2. Our POC is < >, AMSJM-SAA, E-mail < >, extension 2-< >.

SAMPLE MEMORANDUM  
FOR BILLING OCONUS MATERIEL

AMSJM-SAA (12-8b)

MEMORANDUM FOR AMSAS-RMF

Subject: Billing for Foreign Military Sales (FMS) Excess Materiel Shipped

1. Request action be taken so that PC&H and transportation for excess materiel shipped can be properly billed. The following materiel was shipped on FMS Letter of Offer and Acceptance < >:

<u>DODIC</u>	<u>QTY</u>
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Materiel was shipped <Vessel departure date, if available>.  
Document number <PC&H document>, case line <e.g., 1a>.  
Installation PRON <from PC&H Form 37-2>. JONO <from PC&H Form 37-2>.

2. Our POC is < >, AMSJM-SAA, E-mail < >, extension 2-< >.